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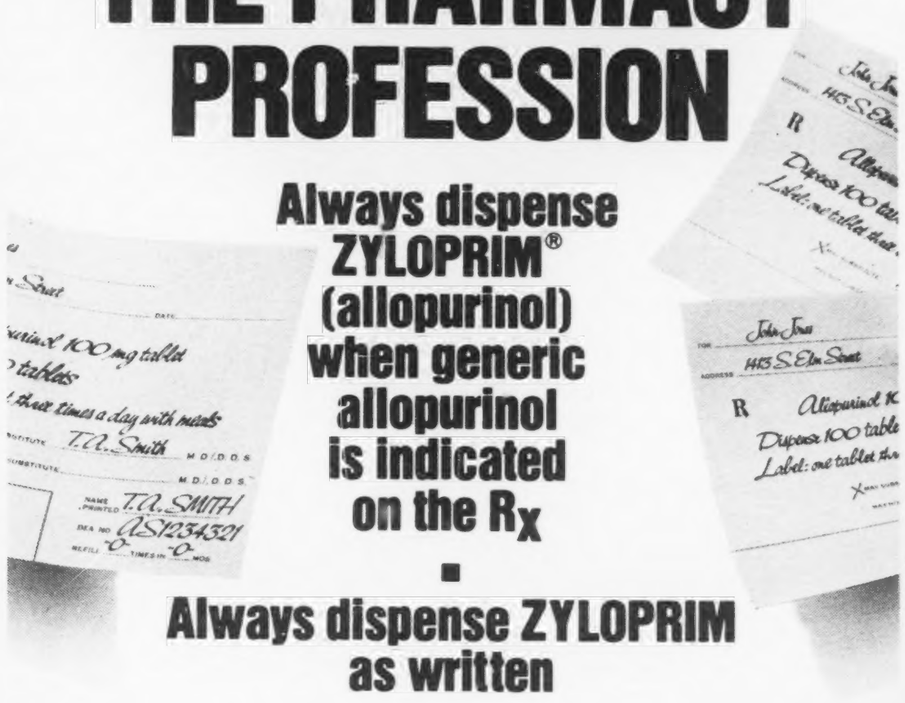

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# PHARMACY

## Survey shows Rx sales up 24%

| Summary statistics of average chain Rx dept. | | |
|---|---|---|
| | 1980 | 1981 |
| Annual dollar volume | $253,500 | $315,400 |
| Per cent margin | 34.6% | 34.1% |
| Scripts filled per day | 95 | 102 |
| • New | 55% | 51% |
| • Refill | 45% | 49% |
| Average script price | $7.72 | $8.72 |
| Inventory valuation at cost | $26,414 | $29,437 |

Source: *Drug Store News* Survey

NEW YORK—The average chain drug store pharmacy department racked up $315,429 in 1981 sales, a year-to-year gain of 24%, according to a *Drug Store News* survey.

The survey, which covered chains operating 1,676 Rx departments across the country, also found that the average script price in 1981 reached $8.72, a 13% increase over the $7.72 recorded the previous year.

Other facts disclosed by the survey included the following:

- Although the price of an average script rose 13%, margins declined slightly to 34.1% from 34.6%.
- The average pharmacy increased the cost of its inventory to $29,437 from $26,414 the previous year. The typical department turned over its inventory seven times during 1981.
- The size of pharmacy departments averaged 410-sq.-ft. per unit.
- There was virtually no change in store hours in 1981. The average was 12 hours a day through the week, 11 hours on Saturday and seven on Sunday.

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## Script sales up 1st half of '82

NEW YORK—Prescription volume in the nation's drug stores increased 4.4% during the first six months of 1982, according to David Saks of A. G. Becker.

"Growth is attributed to new products and the fact that more people are taking them for chronic conditions," he said.

During the first half of the year sales of new antiarthritics, cardiovascular drugs, analgesics, and anti-infectives more than offset a poor showing in cough/cold products.

## Tagamet gains 42%

*Continued from page 21*

will complement and strengthen Glaxo's marketing and sales efforts.

The antispasmodic market's attractiveness is the result of its high refill and maintenance medication profile. Refilled scripts average 53% of the total. And sizable drug quantities are often prescribed, since one- and two-month supplies are the rule.

This is especially true of two products: Tagamet and Donnatal Extentabs. According to Decision Data, the two drugs averaged more dosage units per script in 1982 than the previous year. All other drugs in the market recorded lower average quantities dispensed.

More importantly, however, retailer margins have slipped significantly—over six points—on antispasmodic products. A typical pharmacy department's margin on its antispasmodic scripts averages 22%. In 1980, the average was 28%.

This margin decline occurred despite a $3.85 increase in the price of an average antispasmodic script.

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# DRUG STORE NEWS

Vol. 5 No. 2/Incorporating **CHAIN STORE AGE Drug Magazine** Published by Lebhar-Friedman Inc./January 24, 1983

# Top execs say tighter belts raised bottom lines in 1982

**By Mike Dunn**

NEW YORK—Chain drug stores rolled with the punches of sharply higher merchandise costs and total expenses in 1981 by reducing inventory, making their staffs leaner, installing modern electronics and increasing advertising.

Going into 1983, chain executives said they have turned around the 1981 situation that led to what the 1982 NACDS-Lilly Digest called the lowest before-tax net profit percentage ever recorded.

The most recent Digest reported the net profit percentage in 1981, the latest year for which figures are available, was 3.6%, 18.2% lower than the 4.4% recorded in 1980.

While some executives said 1982 could be a repeat of 1981, executives at Revco, Rite Aid, Peoples, Begley and Big B said they expect increasing net profits.

At Rite Aid, Alex Grass, chairman and president, said gross margins expanded in 1982 as a result of policies begun earlier. "Because of the improved product mix, including increases in prescription and private-

*Continued on page 60*

**Because of the improved product mix, gross margins have increased much more rapidly than the cost of doing business.**
**—Alex Grass, Rite Aid**

**Even though chains reflected lower bottom lines, the reduction in expenses will turn that around in the future.**
**—Sheldon W. Fantle, Peoples Drug Stores**

**The bottom line has improved in the last six months. It's improved dramatically in the last three months.**
**—Calvin Hendricks, Pay 'n Save**

**Supermarket-style scanners improve checkout accuracy and inventory control at Giant Food's new freestanding drug store. Adhesive UPC code labels are attached by store personnel to those products still manufactured without codes.**

## Scanner equipped

# *Giant's 1st drug unit beams into 21st cent.*

BETHESDA, Md.—Giant Food Inc. has opened the nation's first freestanding drug store equipped with permanent state-of-the-art laser beam checkout scanners.

While several major drug store chains are participating in a research project involving checkout scanners, none has yet installed a scanning-based checkout system of its own.

In all likelihood, the six checkout scanners, combined with a complete pharmacy computer system, will make Giant's first freestanding drug store here a prototype for drug stores of the future.

Accenting the 21,000-sq.-ft. store's core drug store mix are specialty departments, including floral, health foods and gourmet products, designed to appeal to the community's affluent consumer base.

*Continued on page 59*

# *Federal rap for drug robberies sacrificed to antitampering win*

WASHINGTON—Pharmacy and drug store industry lobbyists traded away one of their primary goals—new Federal penalties to deter pharmacy robberies—in order to secure passage of an antidrug tampering law during last month's lame duck session of Congress.

The legislative horse trade took place during the waning hours of the special post-election session, when Congress was rushing to adjourn for the Christmas holidays.

A spokesman for the National Association of Chain Drug Stores told *Drug Store News* that given these time pressures it appeared unlikely that pharmacy leaders would succeed in prodding Congress to approve both an antitampering law and legislation making armed robberies of drug stores a Federal crime.

Working jointly with supermarket industry lobby groups, NACDS and other drug store organizations reluctantly concluded that a "Tylenol provision" setting stiff Federal sanctions for drug, food and cosmetic tampering was a higher priority than the pharmacy robbery

*Continued on page 59*

# Nexxus line seized in four states

HILTON HEAD, S.C.—Federal marshals last month seized $150 worth of shampoo and hair conditioner at a Nash drug store here after the Nexxus Products Co. Inc. alleged the products are counterfeit versions of its line.

The raid was the latest in a series of moves orchestrated by Nexxus to keep its products and counterfeit versions of its products off drug store shelves.

The Santa Barbara, Calif., manufacturer is attempting to limit the distribution of its shampoos and hair conditioners to beauty salons. "It's a professional product that requires professional advice on how to apply it," said Rose Marie Sewell, sales and marketing coordinator for Nexxus.

"Try to convince drug stores not to carry it. They will find the legal fees they will have

*Continued on page 60*

## LATE NEWS

**TORONTO-BASED SHOPPERS DRUG MART has acquired, for an undisclosed amount, five former Crooks and Target Drug Stores based in Thunder Bay, Ontario. The five stores will be converted to franchised Shoppers Drug Mart stores. One will be the site of the chain's third Health Care Center, SDM's concept for convalescent aids centers.**

**SPECIAL MEETINGS OF SHAREHOLDERS of the Kroger Co. and Dillon Companies Inc. will be held tomorrow, Jan. 25, to approve the merger of the two companies. As a result of the merger, Dillon would become a wholly owned subsidiary of Kroger, the nation's fifth largest retailer and parent company of SupeRx Drug.**

# *Last Liggett drug store to close after seven decades*

NEW YORK—The last Liggett drug store, which graced the 42nd Street side of Grand Central Station for approximately 70 years, is shutting its doors forever at the end of the month.

Joseph Hecht, chairman of the Rexall Square Drug Co., the division of Dart & Kraft Inc., which operates the one store, said, "We've discontinued all of our drug stores. We're not in the drug store business anymore."

The store was once part of a chain of several hundred stores that was begun 70 years ago by Louis K. Liggett, who also started the Rexall agency system. At its peak in the 1950's and 1960's, there were more than 10,000 Rexall franchises.

The Rexall Drug & Chemical Co. formed the basis of Dart Industries (later Dart & Kraft), which began diversifying into other areas and phasing out its drug store operations in 1962.

The store at Grand Central Station had been faced with mounting problems. Stanley Luxemborg, who managed the store for the last 12 years, said, "We just had one of our worst years. Sales are bad. We have high rent and a very high payroll."

Luxemborg said he could not offer discounts because his lease mandated he pay 10¢ of

*Continued on page 60*

**Advertised specials were used at Liggett to sell off merchandise before the end of January.**

# — News in brief —

## Revco names 3rd-party vp

TWINSBURG, Ohio—Sidney Dworkin, president and ceo of Revco D. S. Inc. has announced the appointment of Jerry Wasserman to vp of third-party programs. Wasserman joined Revco in 1959 as a pharmacist in the chain's first Cleveland store and has held management positions in purchasing, store operations and Government affairs. Most recently he was assistant vp for third-party programs.

## Zahn acquires merchandising firm

MELROSE PARK, Ill.—The Louis Zahn Drug Co. has acquired PE Systems Inc. of Lisle, Ill., one of the leading design and merchandising consultants to the drug industry. Terms of the transaction were not disclosed. PE Systems is operating as a wholly owned subsidiary of Zahn and has incorporated the wholesaler's store planning and modernization department.

## Perry rings up its 25 millionth script

PONTIAC, Mich.—Perry Drug Stores filled its 25 millionth prescription this year, its 25th year of operation.

Prescriptions are being filled at a faster rate than ever before. Robert A. Shapiro, vp of professional affairs said it took the chain 15 years to fill its five millionth prescription and four more years to reach prescription No. 10 million.

This year prescriptions are running 35% ahead of last year's rate, Shapiro said. Scripts are expected to account for 17% of the chain's sales.

Increased consumer awareness of Perry pharmacies as health care centers and a discount price program for senior citizens are considered the reasons for the increase.

## Pay Less To Test Nutrition Section

WILSONVILLE, Ore.—Pay Less NW will begin testing a nutrition section in several stores in Washington and Oregon within the next month.

Nutrition will occupy one side of a 24-ft. gondola and will contain H&BA, vitamins and snacks. There will be no refrigerated or frozen foods.

The chain, which operates 145 stores in Washington, Oregon, California and Idaho has not set a time limit on the test.

## Chicago Walgreens units sell coupons

DEERFIELD, Ill.—Walgreens' customers in Chicago and Minneapolis have the chance to purchase a coupon book called Savings Spree for $5.95.

The book contains more than 185 coupons worth more than $1,800. In Chicago, the booklet contains specials from Walgreens, Sears, Wards and Dominicks food store. There are 2-for-1 deals, price-off tickets for movies and restaurants and cents-off coupons for goods in the represented retail units.

Walgreens began selling the booklets in October and will continue to do so until Jan. 15. According to a representative at Walgreens, response has been very favorable.

## Rite Aid splits stock

SHIREMANSTOWN, Pa.—The Rite Aid board of directors on Jan. 5 declared a 3 for 2 stock split and the equivalent of a 20% increase in the annual dividend.

The stock split will be paid on Jan. 31 to shareholders of record on Jan. 17.

The new quarterly dividend will be 16¢. The increase in the dividend will be the equivalent of raising the annual dividend from 80¢ to 96¢ at the current stock price.

## Eckerd names Hollis audit manager

CLEARWATER, Fla.—Charles E. Hollis Jr. has joined the Jack Eckerd Corp. as audit manager.

Hollis, a certified public accountant, had been an audit manager in the Tampa office of the public accounting firm of Deloitte Haskins & Sells.

## Winner of Nostalgia Quiz #16 Chosen

Barry Solomon of Sav-On Drugs, Los Angeles, is the winner of $100 in *Drug Store News'* Nostalgia Quiz #16. The correct answer was Peoples Drug Stores. Nostalgia Quiz #19 can be found on page 12 of this issue.

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Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in March, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate $12 per year; $21/two years. Single copy rate $2.00. Outside U.S.A.: Canada $13, $23/two years. Foreign subscriptions: Airmail only $100 per year. Second-class postage paid at New York, N.Y., and additional mailing offices.

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Vol. 5, No. 2 January 24, 1983

# Revco targets remodeling as store expansion slows

TWINSBURG, Ohio—With fewer available sites for expansion foreseen for fiscal 1983, Revco plans to pump money into its most ambitious remodeling program in recent years.

R. Carroll Hudson, Revco executive vp and treasurer, said the chain plans to remodel 200 stores in fiscal 1983, a move that would schedule each store for remodeling once every eight years instead of the previous policy of once every 10 years.

The chain has 1,631 stores and remodeled approximately 160 in fiscal 1982.

"Historically, we've been behind in remodeling because of our acquisitions. There is slowing growth because of less shopping center construction. Slower growth is not our choice," he said.

Revco plans to open approximately 100 stores in fiscal 1983, close to the pace of fiscal 1982, according to Hudson. But he added that the 100 new stores for fiscal 1983 will be a proportionately lower expansion than 100 new stores in fiscal 1982.

At the end of calendar year 1981, Revco had 1,514 stores. The increase to 1,631 was 7.7%. A 100-store addition to the current 1,631 would be 6.1%.

"We'll be channeling the money into remodeling during the period of slower growth. The payoff is there. Stores do better after remodeling," Hudson said.

Despite the slower growth expected in fiscal 1983, Sidney Dworkin, president and ceo, predicted another record year for the chain.

"With our costs under good control, with like-store gains at a high level and with the former Skillern stores making further progress toward profitable operation, we remain optimistic about 1983 and the years ahead."

For the second quarter of fiscal 1983, which ended Nov. 13, same-store sales increased 12.3%. Also for that quarter, prescription sales increased 19.8% on a same-store basis over the equivalent quarter the year before.

The Skillern stores, the 146-store group acquired in February 1981, will cost Revco 3¢ per share in the second quarter, down from a negative 6¢ per share a year ago. "We continue to expect Skillern to contribute positively to earnings."

## Giant buys MEMCO's Rx files

LANDOVER, Md.—Giant Foods stores has acquired, for an undisclosed amount of cash, the prescription files of 13 MEMCO department store pharmacies in Washington, D.C. and Baltimore, Md.

The MEMCO stores, formerly owned by Lucky Stores of Dublin, Calif., were acquired recently by the Stop & Shop Companies Inc., parent of Medi Mart, Boston. Stop & Shop has announced it will remodel the stores extensively and reopen them next fall as Bradlees Department Stores. The addition will bring the total number of Bradlees stores to 119 units in eight states.

The MEMCO pharmacies are located in Rockville, Oxon Hill, Camp Springs, Hyattsville, Greenbelt, West Baltimore, Dundalk and Columbia, Md., and in Reston, Fairfax, Annandale, Beacon Hill and Richmond, Va. The 13 stores filled approximately 1,500 scripts per day.

**Cool reading display**

**Thrifty Drug Store in California has come up with a cool way to display hot-selling books. The store displays best-selling paperbacks at the end of an ice cream case. The store also uses the area for shopping basket storage.**

# Bergen aims growth program toward market in Southeast

LOS ANGELES—Riding a groundswell of record sales and profits—backed by a record cash flow of $18.3 million—Bergen Brunswig will continue its expansion mode.

After the annual shareholder's meeting, Emil P. Martini Jr., chairman and ceo, told *Drug Store News* the drug wholesaler's targeted growth area is the Southeast—"the Carolinas, Alabama, Louisiana and Florida."

"In 1980," Martini told shareholders, "five of the top 10 metro areas were in the Sunbelt. In 1985, it is expected to be seven of the top 10."

In discussing changes in Bergen Brunswig's average account size, Martini said that since the advent of electronic order entry in 1975, the average account size has tripled, with Western chains increasing almost fivefold."

He also noted the swing toward chains in Bergen's operation. "In 1977, 75% of our customers were independents, and 24% were chains. Today, independents have dropped to 53% while chains have increased to 31%."

A parallel scenario is unfolding in prescription drugs. "In 1975," Martini said, "retailers purchased 40% of their drugs direct and 55% from distributors. By 1985, 60% will be bought from distributors."

In announcing a 5-4 stock split, effective Feb. 1, 1983, Martini noted, "Bergen Brunswig has outpaced the industry in its growth rate—15% vs. 11% for the industry. Our total growth objective is 25% a year."

Martini said his sales goal for this fiscal year (ending Aug. 31, 1983) is $1.4 billion. This compares with $1.1 billion in 1982.

In the first quarter of fiscal 1983 (ended Nov. 30, 1982), Bergen made its sizzling fiscal 1982 look like embers. In fiscal 1982, sales rose 26%, net income 27%. In first quarter 1983, sales jumped 44% (from $242 million to $348 million) and earnings rose 31% (from $3.2 million to $4.2 million).

Martini said Bergen's consumer electronics division is outpacing the sales growth of the corporation. This growth was fueled by the acquisition of two consumer electronic wholesalers—Wresco in November 1981, and Commtron in June 1982.

**Emil P. Martini Jr.**

Martini also said Compuphase, Bergen's modular standalone pharmacy terminal, is now in place in all Bergen Brunswig operating regions.

The system was tested in nine Los Angeles drug stores for three to six months before rolling out to Northeast and Southwest. Jim McLaughlin, Bergen's vp of research and development, says "Compuphase is cost-effective with a minimum of 50 scripts per day."

*Continued on page 59*